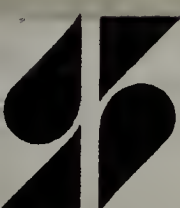


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MOTOR FUEL TAX



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WHAT IS A MOTOR FUEL TAX?

The motor fuel tax is a per unit charge imposed on fuel used by internal combustion engines to power vehicles on the state's public highways and waterways.

WHY DO WE NEED A MOTOR FUEL TAX?

In 1900, Illinois had an estimated 600 motor vehicles. By 1920, the number had soared to 500,000. (Today there are more than 7.5 million). Illinois roads of the early 1900s were suitable for the horses and buggies that had used them for years, but were inadequate for the new "horseless carriages". How could the state pay for improved streets and highways for these vehicles? One answer was a gasoline tax. Other states had imposed such a tax, and in 1929, Illinois followed suit with a 3-cent-a-gallon tax. (A 2-cent-a-gallon tax enacted in 1927 was declared unconstitutional on technical grounds.)

ON WHAT IS THE TAX BASED?

Illinois' motor fuel tax is based on "benefits received" - that is, the people who use the services contribute to their cost. Through the years, the proceeds from this tax have been spent primarily for the construction and maintenance of state and local roads. Illinois currently has 17,442 miles of state and interstate highways and 117,519 miles of county, township and municipal highways, streets and roads which benefit from this tax. Taxes from fuel used on public waterways are used for boating related purposes, including safety education and boating facilities.

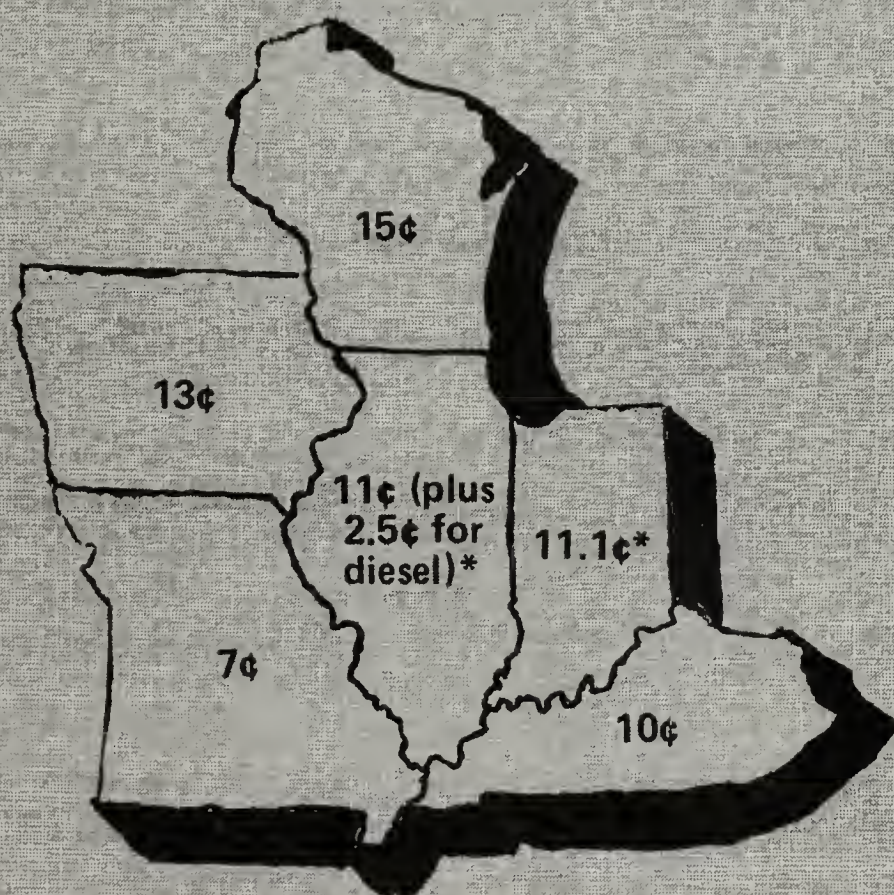
WHAT IS THE ILLINOIS TAX RATE?

Effective Aug. 1, 1983, Illinois levies a motor fuel tax of 11 cents per gallon. The tax will increase to 12 cents July 1, 1984 and 13 cents July 1, 1985. An additional tax of 2.5 cents per gallon is levied on diesel fuel.

HOW DOES THE ILLINOIS TAX RATE COMPARE TO THAT OF OTHER STATES?

Motor fuel tax rates in other states vary from a low of 5 cents per gallon in Texas to a high of 16 cents in Minnesota and Washington. Twenty-five states have a higher rate, 18 states have a lower rate and 6 states have the same 11-cents-per-gallon rate. Per-gallon rates in neighboring states are: Indiana, 11.1 cents; Iowa, 13 cents; Kentucky, 10 cents; Missouri, 7 cents; and Wisconsin, 15 cents. Illinois is one of 12 states to impose an additional tax on diesel fuel, and one of 8 states that levy a sales tax on motor fuel.

PER GALLON RATES



*(also impose a sales tax on motor fuel)

WHO PAYS THE MOTOR FUEL TAX?

The state collects the tax from about 1,800 licensed distributors and suppliers who pass the tax along to dealers and eventually on to consumers at the pump. Last year about \$371 million in motor fuel tax were collected. Collections have been declining over the past few years, however, as rising oil prices

have made drivers more energy conscious and promoted conservation through the use of fuel-efficient vehicles.

HOW MUCH MOTOR FUEL IS SOLD IN ILLINOIS?

Last year nearly five billion gallons of motor fuel were sold in Illinois. About 88 percent of that was gasoline, more than 11 percent diesel fuel and less than one-half of one percent liquified petroleum gas (LPG).

Illinois ranks seventh nationwide in motor fuel consumption behind California, Texas, New York, Ohio, Florida and Pennsylvania. Illinois reports more than twice the gallonage of three of its neighboring states—Wisconsin, Kentucky and Iowa—and well over one-and-a-half times that reported by its other two neighbors—Indiana and Missouri.

WHY IS SO MUCH MOTOR FUEL SOLD IN ILLINOIS?

Illinois is the fifth largest state in the nation—and it has a proportionately large number of licensed drivers and registered vehicles. Recent Federal Highway statistics show that motorists log nearly 66 billion vehicle miles each year on Illinois highways.

WHAT ABOUT FUEL THAT ISN'T USED ON PUBLIC HIGHWAYS OR PUBLIC WATERWAYS?

Persons and businesses who use fuel for purposes other than driving on public highways or boating on public waterways are eligible for refunds. For instance, farmers use a lot of fuel in their equipment, but most of it isn't used on highways. Last year, more than \$10.2 million was refunded for non-taxable uses. Most of that went to farmers. Other refund categories included industrial, construction and railroad. Forms for applying for refunds may be obtained by writing the Department.

WHERE DOES THE MONEY GO? I 29m
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The Illinois Motor Fuel Tax money is divided among state and local governments according to a formula set by law.

The 2.5 cent additional tax on diesel fuel goes directly into the State Construction Account Fund. The remainder of the motor fuel tax money is distributed according to a two-tiered formula.

(A) The portion of tax money which represents the tax increase this year (and future years) is allocated 70 percent to the State Construction Account Fund and 30 percent to local governments. The local government share will then be distributed thus: 49.1% to municipalities; 16.74% to Cook County; 18.27% to all other counties; and 15.89% to road districts.

(B) The remainder of the tax proceeds (representing the portion of tax which would have been collected under the former 7.5cent-a-gallon rate) is divided in the same manner as it had been formerly. That is: First, deduct from the total (1) 1/15th for the Road Fund; (2) cost of refunds; (3) costs of Department of Transportation and Revenue administration; and (4) \$4 million for the State Boating Act Fund. The remaining dollars are allocated among state and local governments for streets, highways and related transportation expenses. This pot is split as follows: 34.82% to the Department of Transportation (where \$6 million is set aside for the Grade Crossing Protection Fund and \$15 million is set aside for construction and repair of local bridges); 32% to municipalities; 10.91% to Cook County; 11.91% to all other counties; and 10.36% to road districts.

The amount an individual unit of local government receives is determined by the portion of the total (a) population for municipalities; (b) motor vehicle license fees for counties; or (c) total road mileage for township or road districts.



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FOR FURTHER INFORMATION:

To register as a distributor, bulk user or for Interstate registration:

Write: Illinois Department of Revenue
P.O. Box 4005
Springfield, Illinois 62708
Phone: 217/785-2624

To inquire about an account:

Write: Same as above
Phone: 217/785-2624

To inquire about a refund:

Write: Same as above
Phone: 217/782-7797

For Motor Carrier Fuel Accounts:

Write: Illinois Department of Revenue
P.O. Box 4005
Springfield, Illinois 62708
Phone: 217/785-1397

For information on distributions to local governments:

Write: Illinois Department of Transportation
Bureau of Local Roads and Streets
2300 South Dirksen Parkway
Springfield, Illinois 62764
Phone: 217/782-3805



Illinois Department of Revenue

1500 South Ninth Street
Springfield, Illinois
62708

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